



REPORT OF INDEPENDENT AUDITORS  
AND CONSOLIDATED FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION

**ARTSFUND AND  
ARTSFUND FOUNDATION**

September 30, 2020 and 2019

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## **Report of Independent Auditors**

To the Audit Committee of the Board of Trustees  
ArtsFund and ArtsFund Foundation

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of ArtsFund and ArtsFund Foundation (collectively, the Organization), which comprise the consolidated balance sheets as of September 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ArtsFund and ArtsFund Foundation as of September 30, 2020 and 2019, their changes in net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information on pages 24 through 28 is presented for purposes of additional analysis, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Seattle, Washington  
January 15, 2021

**ArtsFund and ArtsFund Foundation**  
**Consolidated Balance Sheets**

**ASSETS**

	September 30,	
	2020	2019
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 4,875,709	\$ 2,290,031
Investments, at fair value	7,603,383	948,713
Pledges receivable, net	182,060	551,817
Security deposit	10,853	-
Prepaid expenses and other	26,337	207,034
	<u>12,698,342</u>	<u>3,997,595</u>
<b>NONCURRENT ASSETS</b>		
Long-term investments	20,204,979	20,611,941
Equipment and website, net	118,768	25,522
Land and building held-for-sale (Note 4), net	-	1,365,304
	<u>20,323,747</u>	<u>22,002,767</u>
Total noncurrent assets	<u>20,323,747</u>	<u>22,002,767</u>
Total assets	<u>\$ 33,022,089</u>	<u>\$ 26,000,362</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and other accrued liabilities	\$ 22,314	\$ 32,926
Grant obligations	-	568,740
PPP loan payable	149,090	-
	<u>171,404</u>	<u>601,666</u>
Total current liabilities	<u>171,404</u>	<u>601,666</u>
<b>NET ASSETS</b>		
Without donor restrictions	16,687,765	9,709,450
With donor restrictions	16,162,920	15,689,246
	<u>32,850,685</u>	<u>25,398,696</u>
Total net assets	<u>32,850,685</u>	<u>25,398,696</u>
Total liabilities and net assets	<u>\$ 33,022,089</u>	<u>\$ 26,000,362</u>

**ArtsFund and ArtsFund Foundation**  
**Consolidated Statement of Activities**  
**Year Ended September 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Contributions	\$ 4,351,984	\$ 199,413	\$ 4,551,397
Donated services	122,178	-	122,178
Investment return	292,642	1,262,999	1,555,641
Other income	63,122	-	63,122
Net assets released from donor restrictions	963,738	(963,738)	-
Total support other than special event	5,793,664	498,674	6,292,338
Special event, net	216,294	-	216,294
Special event net assets released from donor restrictions	25,000	(25,000)	-
Net support from special event	241,294	(25,000)	216,294
Total support and revenues	6,034,958	473,674	6,508,632
<b>EXPENSES AND GRANTS</b>			
Program services	686,319	-	686,319
Supporting services			
Management and general	604,523	-	604,523
Fundraising	434,878	-	434,878
Total program and supporting services	1,725,720	-	1,725,720
Grants to beneficiaries	5,527,500	-	5,527,500
Total expenses and grants	7,253,220	-	7,253,220
<b>CHANGE IN NET ASSETS BEFORE NONOPERATING REVENUE</b>	<b>(1,218,262)</b>	<b>473,674</b>	<b>(744,588)</b>
<b>NONOPERATING REVENUE AND EXPENSES</b>			
Century Building rental income	145,777	-	145,777
Century Building rental expenses	(114,707)	-	(114,707)
Net rental income	31,070	-	31,070
Cultural Resource Collective contributions	12,800	-	12,800
Cultural Resource Collective expenses	(47,060)	-	(47,060)
Net Cultural Resource Collective expense	(34,260)	-	(34,260)
Total net nonoperating revenue (expense)	(3,190)	-	(3,190)
Gain on Sale of Century Building	8,687,668	-	8,687,668
Cost of Sale of Century Building	(487,901)	-	(487,901)
Total Gain on Sale of Century Building, net	8,199,767	-	8,199,767
<b>CHANGE IN NET ASSETS</b>	<b>6,978,315</b>	<b>473,674</b>	<b>7,451,989</b>
<b>NET ASSETS</b>			
Beginning of year	9,709,450	15,689,246	25,398,696
End of year	\$ 16,687,765	\$ 16,162,920	\$ 32,850,685

**ArtsFund and ArtsFund Foundation**  
**Consolidated Statement of Activities**  
**Year Ended September 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Contributions	\$ 2,151,362	\$ 278,609	\$ 2,429,971
Donated services	45,265	-	45,265
Investment return	180,593	411,131	591,724
Other income	5,351	-	5,351
Net assets released from donor restrictions	1,328,891	(1,328,891)	-
Total support other than special event	3,711,462	(639,151)	3,072,311
Special event, net	58,637	-	58,637
Special event net assets released from donor restrictions	25,000	(25,000)	-
Net support from special event	83,637	(25,000)	58,637
Total support and revenues	3,795,099	(664,151)	3,130,948
<b>EXPENSES AND GRANTS</b>			
Program services	586,175	-	586,175
Supporting services			
Management and general	627,690	-	627,690
Fundraising	374,185	-	374,185
Total program and supporting services	1,588,050	-	1,588,050
Grants to beneficiaries	1,732,210	546,300	2,278,510
Total expenses and grants	3,320,260	546,300	3,866,560
<b>CHANGE IN NET ASSETS BEFORE NONOPERATING REVENUE</b>	474,839	(1,210,451)	(735,612)
<b>NONOPERATING REVENUE AND EXPENSES</b>			
Century Building rental income	334,361	-	334,361
Century Building rental expenses	(132,347)	-	(132,347)
Net rental income	202,014	-	202,014
Cultural Resource Collective contributions	61,658	-	61,658
Cultural Resource Collective expenses	(83,528)	-	(83,528)
Net Cultural Resource Collective expense	(21,870)	-	(21,870)
Total net nonoperating revenue (expense)	180,144	-	180,144
<b>CHANGE IN NET ASSETS</b>	654,983	(1,210,451)	(555,468)
<b>NET ASSETS</b>			
Beginning of year	9,054,467	16,899,697	25,954,164
End of year	\$ 9,709,450	\$ 15,689,246	\$ 25,398,696

See accompanying notes.

**ArtsFund and ArtsFund Foundation**  
**Consolidated Statement of Functional Expenses**  
**Year Ended September 30, 2020**

	Program Services	Supporting Services		Totals
		Management and General	Fundraising	
Personnel	\$ 492,862	\$ 336,369	\$ 299,667	\$ 1,128,898
Professional services	26,334	62,299	11,318	99,951
Events/meetings	3,900	733	15,050	19,683
Travel	1,638	865	1,103	3,606
Insurance	-	15,714	-	15,714
Occupancy	46,654	26,346	36,775	109,775
Communications	4,058	3,312	4,562	11,932
Office supplies/printing	17,555	3,873	5,081	26,509
Equipment	17,393	37,992	25,979	81,364
Dues and publications	20	12,588	82	12,690
Promotion/advertising	6,364	440	-	6,804
Fees and taxes	-	19,932	-	19,932
Arts events/miscellaneous	2,760	2,070	625	5,455
Bad debt	-	41,175	-	41,175
In-kind	41,781	22,826	34,636	99,243
Depreciation/amortization	-	17,989	-	17,989
Collaborations and partnerships	25,000	-	-	25,000
Total program and supporting services	686,319	604,523	434,878	1,725,720
Total grants to beneficiaries	5,527,500	-	-	5,527,500
Total expenses and grants	\$ 6,213,819	\$ 604,523	\$ 434,878	\$ 7,253,220



**ArtsFund and ArtsFund Foundation**  
**Consolidated Statement of Functional Expenses**  
**Year Ended September 30, 2019**

	Program Services	Supporting Services		Totals
		Management and General	Fundraising	
Personnel	\$ 398,849	\$ 271,901	\$ 223,790	\$ 894,540
Professional services	42,950	164,424	19,579	226,953
Events/meetings	4,790	3,084	50,410	58,284
Travel	2,872	792	1,447	5,111
Insurance	-	17,899	-	17,899
Occupancy	52,661	29,738	41,510	123,909
Communications	5,247	3,231	4,514	12,992
Office supplies/printing	24,935	6,633	4,606	36,174
Equipment	1,617	31,149	8,812	41,578
Dues and publications	1,625	1,871	-	3,496
Promotion/advertising	326	675	-	1,001
Fees and taxes	55	18,710	-	18,765
Arts events/miscellaneous	314	1,140	3,724	5,178
Bad debt	-	61,892	-	61,892
In-kind	19,052	10,420	15,793	45,265
Depreciation/amortization	-	4,131	-	4,131
Collaborations and partnerships	30,882	-	-	30,882
<b>Total program and supporting services</b>	<b>586,175</b>	<b>627,690</b>	<b>374,185</b>	<b>1,588,050</b>
<b>Total grants to beneficiaries</b>	<b>2,278,510</b>	<b>-</b>	<b>-</b>	<b>2,278,510</b>
<b>Total expenses and grants</b>	<b>\$ 2,864,685</b>	<b>\$ 627,690</b>	<b>\$ 374,185</b>	<b>\$ 3,866,560</b>

## ArtsFund and ArtsFund Foundation

### Consolidated Statements of Cash Flows

	Years Ended September 30,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 7,451,989	\$ (555,468)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	17,989	117,930
Gain on sale of Century Building	(8,687,668)	-
Net realized and unrealized gain on investments	(1,245,036)	(591,724)
Contributions restricted for endowments	(22,405)	(217)
Changes in operating assets and liabilities		
Pledges receivable	369,757	105,134
Charitable trust receivable	-	269,669
Prepaid expenses and other	169,844	25,986
Grant obligations	(568,740)	(159,639)
Accounts payable and other accrued liabilities	(10,612)	(21,351)
Net cash provided by (used in) operating activities	<u>(2,524,882)</u>	<u>(809,680)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of Century Building	9,722,099	-
Purchases of equipment	(93,302)	-
Purchases of investments	(10,198,427)	(3,057,861)
Proceeds from sale of investments	5,508,695	3,552,148
Net cash provided by (used in) investing activities	<u>4,939,065</u>	<u>494,287</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from contributions restricted for endowments	22,405	217
Proceeds from PPP loan	149,090	-
Net cash provided by financing activities	<u>171,495</u>	<u>217</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>2,585,678</u>	<u>(315,176)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>2,290,031</u>	<u>2,605,207</u>
End of year	<u>\$ 4,875,709</u>	<u>\$ 2,290,031</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Contribution of equipment	\$ 17,935	\$ -
Cash paid during the year for interest	\$ -	\$ 259

## **ArtsFund and ArtsFund Foundation**

### **Notes to Consolidated Financial Statements**

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#### **Note 1 – Summary of Significant Accounting Policies**

**Description of business** – ArtsFund is a not-for-profit corporation whose mission is to strengthen the community by supporting the arts through leadership, advocacy, and grantmaking in the Puget Sound area. Its vision is a dynamic and world-class arts and cultural sector where the arts are accessible to all and valued as a central and critical component to a healthy society. ArtsFund solicits contributions from corporations, individuals, and foundations to provide grants as well as assistance on business operations, governance, and leadership to various arts organizations. ArtsFund takes a leadership role on broader initiatives that foster the future of the arts in the community by increasing the community's connection to the arts and awareness of the value of the arts, as well as ensuring that the arts sector reflects and represents the broader and evolving community by engaging culturally diverse communities and individuals, younger generations, and underserved populations in the arts.

On May 21, 1997, ArtsFund established The ArtsFund Foundation (the Foundation), a not-for-profit Washington foundation, with ArtsFund as the sole supported organization. In 2010, the Articles of Incorporation of the Foundation were amended to add certain other supported 501(c)(3) organizations. The purpose of the Foundation is to manage ArtsFund's long-term investments and the endowment. The Foundation is managed by a separate Board of Trustees that reports to ArtsFund's Board of Trustees at regularly scheduled meetings. It is the policy of the Foundation each year to transfer a portion of board-designated endowment assets without donor restrictions, as well as donor restricted endowment assets, with the intent that such funds be distributed to (1) various arts groups as determined by the Allocation Committee of the Board of Trustees and (2) other not-for-profit art organizations as specified by donors.

**Principles of consolidation** – The consolidated financial statements include the activities of ArtsFund and the Foundation (collectively, the Organization). All significant intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

**Use of estimates** – The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of contributions, pledges, revenues, expenses, and grants during the reporting period. Actual results could differ from those estimates.

**Cash equivalents** – The Organization considers all highly liquid investments with original maturities of less than three months to be cash equivalents. Cash equivalents at September 30, 2020 and 2019, include checking and savings accounts. The Organization places its cash deposits and short-term investments in accounts with major financial institutions that, at times, may exceed federally insured limits.

## ArtsFund and ArtsFund Foundation

### Notes to Consolidated Financial Statements

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#### Note 1 – Summary of Significant Accounting Policies (continued)

**Investments** – Investments are carried at fair value, which is determined using quoted market prices. Realized and unrealized gains and losses are reflected in the consolidated statements of activities in investment return. Interest and dividends are included in investment return as earned. Investment return is net of fees related to the management of the Foundation's investments.

**Contributions** – Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until the conditions are substantially met. The gifts of cash and other assets are reported as donor restricted support if they are pledged or received with donor stipulations that limit the use of the donation. When a donor restriction expires (i.e., when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restriction. Interest return on net assets with donor restrictions earmarked for specific grants are classified as net assets with donor restrictions. The interest return is reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restriction when grants are made. Donated securities and property are recorded at their fair value at the time of donation.

**Pledges receivable** – Contributions to be collected in future years are recorded at fair value when the promise is made based on a discounted cash flow model. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible accounts is recorded using an estimated percentage of outstanding contributions receivable. This estimate is compared to historical averages to determine its reasonableness.

**Donated services** – Volunteers contribute substantial time to ArtsFund, primarily for contribution solicitation. The value of this contributed time is not reflected in the consolidated financial statements because it does not meet the specific criteria in accordance with GAAP. Donated business services, such as advertising, accounting, legal, and technology services, are recorded as support and expense at estimated fair value.

**Rental income** – Leases are negotiated and executed with standard commercial provisions and at prevailing market rates. Such leases generally call for rents to increase over the periods of the leases. Prior to the close of sale on July 17, 2020, ArtsFund recognized income from the rental of office space in the Century Building on a straight-line basis.

## ArtsFund and ArtsFund Foundation Notes to Consolidated Financial Statements

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### Note 1 – Summary of Significant Accounting Policies (continued)

**Equipment and website design** – Equipment, and website design are recorded at cost, or, if donated, fair value at the date of donation. All acquisitions of property and equipment in excess of \$2,000 and an estimated useful life exceeding one year are capitalized. Depreciation is computed on the building, equipment, and website design using the straight-line method and the following estimated useful lives:

Equipment	3 to 10 years
Website design	3 years

**Grants to beneficiaries and grant obligations** – ArtsFund’s grant-making process is conducted by the allocation committee, comprised of corporate and private grant-making experts. Based on grant applications and interviews, they systematically rate each art organization against the same key evaluation points. In June, the ArtsFund’s Board of Trustees approves the slate of grant recommendations. In previous years, grants less than \$80,000 were paid in full in June; other grants were paid 50% in June, 25% in October, and 25% in February. In fiscal year 2020, all grants approved by the Board of Trustees were paid in full in June. Designated gifts for specific art organizations are paid periodically throughout the year as cash is received. The balance of the grants payable as of September 30, 2020, is \$0. The balance of the grants payable as of September 30, 2019, represents the 50% of grants \$80,000 and over, totaling \$568,740.

**Net assets** – A description of the two net asset categories follows:

**Net assets without donor restrictions** – Net assets that are not subject to donor-imposed restrictions that are general in nature or that are for operating purposes. Donor-restricted contributions received that meet restriction in the same year are recorded as net assets without donor restrictions. A board-designated operating reserve was \$440,000 at September 30, 2020. A board-designated operating reserve was \$300,000 and a Century Building reserve was \$140,123 at September 30, 2019. The board-designated amounts of \$12,044,855 and \$6,472,974 at September 30, 2020 and 2019, respectively, are comprised of the Foundation endowments discussed in Note 10.

**Net assets with donor restrictions** – Net assets that are subject to donor-imposed time or use restrictions that have not been met or may never be spent by the Organization.

**Income taxes** – ArtsFund and the Foundation are not-for-profit corporations exempt from federal income tax, except for unrelated business income under Section 501(c)(3) of the Internal Revenue Code. In addition, ArtsFund and the Foundation have been classified as entities that are not private foundations within the meaning of Section 509(a) and qualify for deductible contributions as provided in Section 170(b)(1)(A)(vi). Unrelated business income tax, if any, is insignificant and no tax provision has been made in the accompanying consolidated financial statements.

## ArtsFund and ArtsFund Foundation

### Notes to Consolidated Financial Statements

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#### Note 1 – Summary of Significant Accounting Policies (continued)

The Organization recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Organization files an exempt organization return and applicable unrelated business income tax return in the U.S. federal jurisdiction.

**Functional allocation of expenses** – Expenses are allocated to program and supporting services based on management’s percentage estimates of time and expenses or square footage related to each functional category.

<u>Expense</u>	<u>Method of Allocation</u>
Personnel	Time and Effort
Professional services	Time and Effort
Events/meetings	Time and Effort
Travel	Time and Effort
Insurance	Time and Effort
Occupancy	Square Footage
Communications	Time and Effort
Office supplies/printing	Time and Effort
Equipment	Time and Effort
Dues and publications	Time and Effort
Promotion/advertising	Time and Effort
Fees and taxes	Time and Effort
Arts events/miscellaneous	Time and Effort
Bad debt	Time and Effort
In-kind	Time and Effort
Depreciation/amortization	Time and Effort
Collaborations and partnerships	Time and Effort

**Operating and nonoperating activity** – Operating activities represent support and revenues and expenses solely related to the Organization’s primary activities for the direct purpose of fulfilling its mission. Nonoperating activities include the Century Building net rental income calculated as rental income less rental expenses, which are reduced for an imputed amount that the Organization would have incurred as rent for its office space.

The revenues and expenses related to areas of activity where the Organization serves as a fiscal agent to provide database services for cultural groups in this community (Cultural Resource Collective) are included in nonoperating activities. The fiscal agent activity is reported showing only the current year’s cash flow activities without any previous balances being carried forward.

## ArtsFund and ArtsFund Foundation

### Notes to Consolidated Financial Statements

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#### Note 1 – Summary of Significant Accounting Policies (continued)

**Accounting standard implementation** – The Organization implemented ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction. The Organization adopted this standard effective July 1, 2019. The adoption did not result in a change to how the Organization accounts for revenue from contributions, grants and contracts.

**Subsequent events** – Subsequent events are events or transactions that occur after the consolidated balance sheet date but before consolidated financial statements are issued. The Organization recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated balance sheets, including the estimates inherent in the process of preparing the consolidated financial statements. The Organization's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated balance sheets but arose after the consolidated balance sheet date and before the consolidated financial statements are available to be issued. The Organization has evaluated subsequent events through January 15, 2021, which is the date the consolidated financial statements were available to be issued.

#### Note 2 – Fair Value Measurement

The Organization applies the authoritative guidance for Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

The standard describes three levels of inputs that may be used to measure fair value:

**Level 1** – Quoted prices in active markets for identical assets or liabilities.

**Level 2** – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

## ArtsFund and ArtsFund Foundation

### Notes to Consolidated Financial Statements

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#### Note 2 – Fair Value Measurement (continued)

Assets that are measured at fair value on a recurring basis are categorized using the three levels of the fair value hierarchy as follows as of September 30:

	2020			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 7,603,383	\$ -	\$ -	\$ 7,603,383
Fixed income				
Government and Agency	967,070	-	-	967,070
Asset Backed (govt & agency)	986,039	-	-	986,039
Asset Backed (corporate)	307,631	-	-	307,631
Corporate bonds	648,702	-	-	648,702
Mutual funds-fixed	212,334	-	-	212,334
Foreign bonds	231,212	-	-	231,212
Equities				
Consumer discretionary	793,988	-	-	793,988
Consumer staples	331,488	-	-	331,488
Energy	91,524	-	-	91,524
Financials	891,354	-	-	891,354
Health care	1,020,498	-	-	1,020,498
Industrials	936,309	-	-	936,309
Information technology	1,560,720	-	-	1,560,720
Materials	195,367	-	-	195,367
Real estate	28,978	-	-	28,978
Telecommunication services	464,387	-	-	464,387
Utilities	202,405	-	-	202,405
Mutual funds-equity	1,912,468	-	-	1,912,468
Other equities	7,787,447	-	-	7,787,447
Balanced mutual funds	544,924	-	-	544,924
Alternative-real estate	90,134	-	-	90,134
	<u>\$ 27,808,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,808,362</u>



**ArtsFund and ArtsFund Foundation**  
**Notes to Consolidated Financial Statements**

**Note 2 – Fair Value Measurement (continued)**

	2019			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 948,713	\$ -	\$ -	\$ 948,713
Fixed income				
Investment Grade Taxable	4,126,140	-	-	4,126,140
International Developed Bonds	233,428	-	-	233,428
Global High Yield Taxable	216,802	-	-	216,802
Equities				
Consumer discretionary	582,334	-	-	582,334
Consumer staples	496,995	-	-	496,995
Energy	154,760	-	-	154,760
Financials	1,081,764	-	-	1,081,764
Health care	817,000	-	-	817,000
Industrials	792,420	-	-	792,420
Information technology	1,073,200	-	-	1,073,200
Materials	217,476	-	-	217,476
Real estate	552,413	-	-	552,413
Telecommunication services	348,835	-	-	348,835
Utilities	209,300	-	-	209,300
Other equities	8,763,655	-	-	8,763,655
Hedge Funds Specific Strategy	366,680	-	-	366,680
Commodities	578,739	-	-	578,739
	<u>\$ 21,560,654</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,560,654</u>

The underlying investment securities are exposed to various risks, such as interest rate, market volatility, and credit risks. Due to the level of risk associated with certain investment securities and investment contracts, and the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the consolidated financial statements.

The Organization's management determines the fair value measurement policies and procedures in consultation with the Organization's investment advisors. These policies and procedures are reassessed at least annually to determine whether the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

## ArtsFund and ArtsFund Foundation

### Notes to Consolidated Financial Statements

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#### Note 2 – Fair Value Measurement (continued)

The Organization's policy is to recognize transfers in and out of Level 2, or 3 as of the actual date of the event or change in circumstances that caused the transfer. There were no transfers between levels for the years ended September 30, 2020 and 2019.

The following table discloses the summary of changes in the fair value of Level 1 investment assets:

	<u>2020</u>	<u>2019</u>
Net realized and unrealized gain	\$ 1,209,258	\$ 206,677
Interest and dividends	448,873	516,098
Management fees	<u>(102,490)</u>	<u>(131,051)</u>
	<u>\$ 1,555,641</u>	<u>\$ 591,724</u>

#### Note 3 – Pledges Receivable and Charitable Trust Receivable

Pledges receivable consist of the following at September 30:

	<u>2020</u>	<u>2019</u>
Amounts due in less than one year	\$ 234,060	\$ 603,817
Allowance for doubtful accounts	<u>(52,000)</u>	<u>(52,000)</u>
	<u>\$ 182,060</u>	<u>\$ 551,817</u>

During 2005, the Foundation received a contribution as the beneficiary of an irrevocable charitable trust that is held by an independent trustee. Under the terms of the split interest agreement, the Foundation was to receive distributions over the 15-year term of the trust. All distributions must be placed in the endowment fund and income earned on the endowment fund must be used to provide grants to organizations designated by the donor. At the end of the term, the donor's estate was to receive the remainder amount of the trust's assets. As of September 30, 2019, the remaining balance was paid in full and the trust was closed.

**ArtsFund and ArtsFund Foundation**  
**Notes to Consolidated Financial Statements**

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**Note 4 – Land, Building, Equipment, and Website Design**

Capital assets summarized by major classification are as follows at September 30:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 505,521	\$ 402,092
Website design	<u>34,868</u>	<u>193,868</u>
	540,389	595,960
Less accumulated depreciation/amortization	<u>(421,621)</u>	<u>(570,438)</u>
Total capital assets	<u><u>\$ 118,768</u></u>	<u><u>\$ 25,522</u></u>

Depreciation for the years ended September 30, 2020 and 2019, was \$17,989 and \$117,930, respectively.

Land and building held for sale were as follows at September 30:

	<u>2020</u>	<u>2019</u>
Land held-for-sale	\$ -	\$ 1,162,963
Building and improvements held-for-sale	<u>-</u>	<u>2,151,381</u>
	-	3,314,344
Less accumulated depreciation/amortization	<u>-</u>	<u>(1,949,040)</u>
Total assets held-for-sale	<u><u>\$ -</u></u>	<u><u>\$ 1,365,304</u></u>

ArtsFund was the owner of the building and underlying real property located at 10 Harrison Street, Seattle, Washington. ArtsFund executed a contract dated May 31, 2018, to sell said property for \$10,000,000. Buyer deposited \$500,000 of nonrefundable earnest money in escrow upon waiver of contingencies on July 19, 2018. Per the terms of the sale agreement, the Buyer also paid additional fees totaling \$210,000 above the purchase price to delay the sale to July 17, 2020. The sale closed and property transfer occurred on July 17, 2020, with cash proceeds from the sale of \$9,722,099 and gain on sale of \$8,199,767 after closing costs.

**Note 5 – PPP Loan Payable**

In April 2020, ArtsFund received a loan of \$149,090 through the Small Business Administration as a consequence of the CARES Act passed by Congress in response to the COVID-19 pandemic. The Paycheck Protection Program (PPP) loan is expected to be fully forgiven in fiscal year 2021. Upon forgiveness, the loan amount will be reclassified to revenue.

## ArtsFund and ArtsFund Foundation

### Notes to Consolidated Financial Statements

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#### Note 6 – Lease Commitments

**Office lease** – The Organization entered into a new office lease effective July 30, 2019 for 84 months, with a lease commencement date of January 1, 2020, and ending on December 31, 2026. Rent is computed at the annual base rate of \$28.50 per rentable square foot for months 1-12 of the initial term, increasing by \$1.00 per rentable square foot annually thereafter on the anniversary of the lease commencement date. Future minimum lease payments under noncancelable lease for the years ending September 30 are as follows:

2021	\$	109,845
2022		120,870
2023		126,489
2024		130,264
2025		134,039
Thereafter		<u>172,503</u>
	\$	<u><u>794,010</u></u>

Office lease expense for the years ended September 30, 2020 and 2019, was \$76,303 and \$0.

**Operating leases** – ArtsFund leases certain equipment under noncancelable operating leases. Future minimum lease payments under noncancelable operating leases for the years ending September 30 approximate:

2021	\$	5,040
2022		5,040
2023		5,040
2024		<u>2,520</u>
	\$	<u><u>17,640</u></u>

Rental expense under operating leases for the years ended September 30, 2020 and 2019, was \$7,998 and \$15,339, respectively.

## **ArtsFund and ArtsFund Foundation**

### **Notes to Consolidated Financial Statements**

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#### **Note 7 – Concentrations**

One donor contributed 13% of total contributions received during each of the fiscal years ended September 30, 2020 and 2019, respectively. At September 30, 2020 and 2019, there was a receivable concentration of 21% and 54% from one donor, respectively.

#### **Note 8 – Related Party Transactions**

Contribution revenue from board members included in the consolidated statements of activities approximates \$831,410 and \$599,000 for the years ended September 30, 2020 and 2019, respectively. Balances outstanding of approximately \$22,740 and \$40,000 from board members are included in pledges receivable in the accompanying consolidated balance sheets for the years ended September 30, 2020 and 2019, respectively.

#### **Note 9 – Retirement Plan**

ArtsFund sponsors a 403(b) plan (the Plan) for the benefit of all ArtsFund employees. The Plan provides for a 100% match of the first 3% of compensation (as defined by the Plan) that is deferred into the Plan by a participant who worked at least 20 hours a week during the year. Participants are 100% vested in the ArtsFund match. Total matching expenses incurred under the Plan for the years ended September 30, 2020 and 2019, were \$26,207 and \$19,689, respectively.

#### **Note 10 – Endowment Policies**

In accordance with GAAP and the Uniform Prudent Management of Institutional Funds Act (UPMIFA), investment earnings on net assets with donor restrictions, including realized and unrealized capital gains, are classified as net assets with donor restrictions until they are appropriated for distribution to ArtsFund in a manner consistent with the standard of prudence prescribed by UPMIFA.

## ArtsFund and ArtsFund Foundation

### Notes to Consolidated Financial Statements

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#### Note 10 – Endowment Policies (continued)

Endowment net assets consist of the following as of September 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 12,044,855	\$ -	\$ 12,044,855
Donor-restricted endowment funds	-	15,763,507	15,763,507
<b>Total endowment funds</b>	<b>\$ 12,044,855</b>	<b>\$ 15,763,507</b>	<b>\$ 27,808,362</b>
Endowment net assets, October 1, 2019	\$ 6,472,974	\$ 15,087,680	\$ 21,560,654
Investment return			
Net realized and unrealized gain	186,972	1,022,286	1,209,258
Interest and dividends	125,004	313,531	438,535
Management fees and taxes	(29,672)	(72,818)	(102,490)
<b>Total investment return</b>	<b>282,304</b>	<b>1,262,999</b>	<b>1,545,303</b>
Contributions	22,405	-	22,405
Transfer of building sale proceeds	7,000,000	-	7,000,000
Appropriation of endowment assets for expenditure	(1,732,828)	(587,172)	(2,320,000)
Endowment net assets, September 30, 2020	<b>\$ 12,044,855</b>	<b>\$ 15,763,507</b>	<b>\$ 27,808,362</b>

Endowment net assets consist of the following as of September 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 6,472,974	\$ -	\$ 6,472,974
Donor-restricted endowment funds	-	15,087,680	15,087,680
<b>Total endowment funds</b>	<b>\$ 6,472,974</b>	<b>\$ 15,087,680</b>	<b>\$ 21,560,654</b>
Endowment net assets, October 1, 2018	\$ 6,215,280	\$ 15,517,606	\$ 21,732,886
Investment return			
Net realized and unrealized gain	59,645	142,491	202,136
Interest and dividends	156,024	360,076	516,100
Management fees and taxes	(39,615)	(91,436)	(131,051)
<b>Total investment return</b>	<b>176,054</b>	<b>411,131</b>	<b>587,185</b>
Contributions	217	3,066	3,283
Release for expenditure	297,823	(297,823)	-
Appropriation of endowment assets for expenditure	(216,400)	(546,300)	(762,700)
Endowment net assets, September 30, 2019	<b>\$ 6,472,974</b>	<b>\$ 15,087,680</b>	<b>\$ 21,560,654</b>

**ArtsFund and ArtsFund Foundation**  
**Notes to Consolidated Financial Statements**

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**Note 10 – Endowment Policies (continued)**

Foundation endowments consisted of the following at September 30:

	2020	2019
Donor - restricted endowment funds		
The Ned and Kayla Skinner Artistic Enrichment Fund		
D. E. "Ned" Skinner Endowment Fund	\$ 2,456,156	\$ 2,350,425
Kathryn L. Skinner Charitable Lead Trust	3,973,414	3,804,994
Kreielsheimer Fund	2,331,523	2,231,173
Peter F. Donnelly Merit Fund	1,786,061	1,709,176
The John Brooks Williams and John H. Bauer Endowment for Theatre	1,552,831	1,486,020
Ackerley Excellence Fund	1,258,221	1,204,094
Guendolen Carkeek Plestcheeff Decorative & Design Arts Fund	1,189,564	1,138,222
Kreielsheimer Music Fund	512,009	490,023
Kreielsheimer Theatre Fund	488,875	467,838
Roland M. Trafton Endowment Fund	150,900	144,420
Jean T. Fukuda Memorial Fund	63,953	61,295
	15,763,507	15,087,680
Board - designated endowment funds without donor restrictions	12,044,855	6,472,974
Total Foundation endowments	\$ 27,808,362	\$ 21,560,654

**Return objectives and risk parameters** – The Foundation investment policy requires diversification of the investments among equity (target of 66% and no less than 46% and no more than 86% at market value), fixed income (target of 25% and no less than 10% and no more than 40% at market value), and alternative investments (target of 7% and no less than 0% and no more than 7%) securities so as to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category.

Certain endowments have an annual inflation adjustment made to donor restricted funds based on the Consumer Price Index (CPI) as stipulated by the donor to protect the original gift against inflation.

## ArtsFund and ArtsFund Foundation

### Notes to Consolidated Financial Statements

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#### Note 10 – Endowment Policies (continued)

**Distribution policy** – The overall objective of the distribution policy is to produce distributions to the Organization, as well as to preserve the real value of the endowment funds through time by growth of principal. The investment policy defines a spending target rate of 4.0% of the 16-quarter rolling average market value of the endowment ending March 31 of the subject fiscal year. In accordance with UPMIFA, the Board of Trustees of the Foundation considers the following factors when determining (1) the amounts to be distributed to the Organization in accordance with donor intent and (2) the amounts to be accumulated in the endowment funds in accordance with donor intent:

- The duration and preservation of the endowment fund;
- The purposes of the organization and the endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization; and
- The investment policies of the Organization.

For the years ended September 30, 2020 and 2019, the Foundation distributed 4.0% and 4.0%, respectively, of the 16-quarter rolling market average of the endowment funds. The distribution for the Kreielsheimer Remainder Foundation endowment funds was 4.0% and 4.0% of the endowment balance for March 31, 2020 and 2019, respectively. The spending policy is determined on a year-to-year basis by the board for each fund within the endowment. The board has set the following guidelines with respect to any distribution:

- Retain discretion to not make a distribution if the board believes that the distribution would affect the viability of future distributions.
- Retain discretion to make a distribution that would cause the fair value of assets to fall below the original value of gifts donated, if the board believes that to do so would be consistent with UPMIFA and would be consistent with express donors' intent and otherwise prudent in the circumstances.
- Reserve the right to not pay out in any given year.

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level to be held in perpetuity. These deficiencies may result from unfavorable market fluctuations and/or from distributions to ArtsFund that were deemed prudent by the board and consistent with the donors' intent. In accordance with GAAP, deficiencies of this nature do not reduce net assets with donor restrictions, but are reported in net assets without donor restrictions. For the years ended September 30, 2020 and 2019, there were no funds with a deficiency.



## **ArtsFund and ArtsFund Foundation**

### **Notes to Consolidated Financial Statements**

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#### **Note 11 – Liquidity and Availability**

At September 30, 2020, the Organization had financial assets on hand totaling \$12,698,342, which included cash and cash equivalents of \$4,875,709, and accounts receivables of \$182,060. None of the financial assets available for use are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated balance sheet date.

Of the aforementioned \$12,698,342, a portion of the Century Building sale proceeds in the amount of \$7,000,000 was transferred to ArtsFund Foundation to be invested for 5 years as board-designated endowment funds without restrictions, per restricted grant agreement between ArtsFund and ArtsFund Foundation. The remaining sale proceeds of \$2,722,099 were retained by ArtsFund for investment in short-term securities. ArtsFund continues to maintain cash reserves of \$440,000 and may only be used upon approval by the ArtsFund Board of Trustees.

#### **Note 12 – COVID-19 Disclosure**

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Organization reached out to its donors with a special campaign, and donors have increased contributions and management has reduced expenses. The COVID-19 Arts Emergency Relief Fund was a time-limited fundraising and grantmaking program, which ran from March to June 2020 and raised \$3,152,500 (including a \$1 million gift from the ArtsFund Foundation). The proceeds of the program were distributed via two grant cycles to 106 cultural nonprofits in King, Pierce, and Snohomish counties in Washington state. Grant amounts ranged from \$2,500 to \$75,000 and were one-time, emergency relief payments. Award amounts varied based on direct economic impacts of the public health response, scope of programs, budget sizes, and total resources available.

However, the Organization cannot reasonably estimate the extent to which the pandemic may materially change future operations or consumer and donor behavior and the effects that these and other factors will have on net revenues and cash flows.

## **Supplementary Information**

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**ArtsFund and ArtsFund Foundation**  
**Schedule of Grants to Beneficiaries and Distributions of Designated Gifts**  
**Year Ended September 30, 2020**

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	General Grants	COVID-19 Relief Fund
A Contemporary Theatre	\$ 89,640	\$ 75,000
American Asian Performing Arts Theatre	5,000	5,000
Art with Heart	5,000	10,000
Artist Trust*	22,860	10,000
Arts Corps	4,000	50,000
Arts Council of Snohomish Co./Schack Art Center	-	25,000
Arts West	-	35,000
Asia Pacific Cultural Center	-	35,000
Auburn Symphony	1,110	10,000
Bellevue Arts Museum	17,320	10,000
Book-It Repertory Theatre	16,910	35,000
Burke Museum	10,650	60,000
Central District Forum for Arts & Ideas	-	35,000
Chamber Music Madness	-	10,000
Chinese Arts & Music Association	5,000	5,000
SIFF	16,130	50,000
Coyote Central	2,500	35,000
Deaf Spotlight	-	35,000
Densho	-	10,000
Diverse Harmony	-	10,000
Early Music Seattle	7,130	35,000
Earshot Jazz Society	24,190	35,000
Edmonds Center for the Arts	-	25,000
Edmonds Driftwood Players	-	10,000
Emerald City Music	20,000	-
Esoterics, The	-	2,500
Federal Way Symphony	-	10,000
Fifth Avenue Theatre	90,810	75,000
Freehold Theatre Lab / Studio	-	25,000
Frye Art Museum	9,680	25,000
Gage Academy of Art	-	35,000
Grand Cinema, The	-	25,000
Henry Art Gallery	117,420	35,000
Hilltop Artists	27,500	35,000
Intiman Theatre	20,760	10,000
Jack Straw Productions	10,690	35,000
Jet City Improv	1,600	10,000
KEXP 90.3FM	-	25,000
Khambatta Dance Company	-	10,000
Kirkland Arts Center	-	25,000
Kirkland Performance Center*	3,300	10,000
Lakewood Playhouse	-	10,000
LANGSTON	20,000	-
Meany Center for the Performing Arts	14,860	25,000
MOHAI	-	35,000

**ArtsFund and ArtsFund Foundation**  
**Schedule of Grants to Beneficiaries**  
**and Distributions of Designated Gifts (continued)**  
**Year Ended September 30, 2020**

	General Grants	COVID-19 Relief Fund
MoPOP	20,650	35,000
Museum of Glass	6,560	10,000
Music Center of the Northwest	-	25,000
Music Works Northwest	-	10,000
National Nordic Museum*	27,320	50,000
Northwest African American Museum	19,180	50,000
Northwest Film Forum	8,180	35,000
Northwest Folklife	-	10,000
Northwest Puppet Center	-	10,000
Northwest Sinfonietta	2,710	-
Northwest Tap Connection	-	35,000
On The Boards*	42,030	35,000
Pacific MusicWorks	-	25,000
Pacific Northwest Ballet	199,260	75,000
Path with Art	20,000	25,000
Pilchuck Glass School*	11,200	-
Photographic Center Northwest	-	35,000
Pratidhwani	5,000	7,000
Pratt Fine Arts Center	-	25,000
Red Eagle Soaring	5,000	35,000
Richard Hugo House	20,150	35,000
Seattle Art Museum	219,100	50,000
Seattle Arts & Lectures	15,410	-
Seattle Asian American Film Festival	7,500	8,000
Seattle Center Festal	-	25,000
Seattle Chamber Music Society*	24,330	35,000
Seattle Children's Theatre	76,500	75,000
Seattle Chinese Chorus	5,000	5,000
Seattle Choral Company	-	5,000
Seattle JazzED	2,500	35,000
Seattle Latino Film Festival	2,500	35,000
Seattle Men's Chorus/Seattle Women's Chorus	12,760	35,000
Seattle Musical Partners	2,500	25,000
Seattle Opera	161,210	75,000
Seattle Pro Musica	6,160	10,000
Seattle Public Theater	10,270	25,000
Seattle Repertory Jazz Orchestra	27,190	35,000
Seattle Repertory Theatre	123,550	75,000
Seattle Shakespeare Company	51,140	35,000
Seattle Symphony	174,470	75,000
Seattle Theatre Group	77,510	75,000
Seattle Youth Symphony Orchestra*	11,200	35,000
Shoreline-Lake Forest Park Arts Council	-	5,000
SIS Productions	-	5,000

**ArtsFund and ArtsFund Foundation  
Schedule of Grants to Beneficiaries  
and Distributions of Designated Gifts (continued)  
Year Ended September 30, 2020**

	General Grants	COVID-19 Relief Fund
Snohomish Co. Music Project	-	5,000
Spectrum Dance Theatre	32,480	50,000
Symphony Tacoma (Tac Symphony)	15,530	25,000
Tacoma Art Museum*	52,490	50,000
Tacoma Arts Live (Broadway Center)	63,700	57,500
Tacoma Musical Playhouse	8,020	10,000
Tacoma Opera Association	6,630	-
Tacoma Youth Symphony	-	25,000
Taproot Theatre Company	8,180	35,000
Tasveer	7,500	35,000
Ted Brown Music Outreach	-	2,500
TeenTix	-	10,000
Three Dollar Bill Cinema	5,270	25,000
The Northwest School*	4,100	-
Totem Star	5,000	25,000
Town Hall Seattle	29,530	50,000
Unexpected Productions	-	10,000
Vashon Center for the Arts	4,120	25,000
Velocity Dance Center	8,640	35,000
Vera Project	21,440	35,000
Village Theatre	75,680	75,000
Whim W'Him	2,640	25,000
Wing Luke Asian Museum	59,450	50,000
Youth In Focus	2,500	25,000
	<u>\$ 2,375,000</u>	<u>\$ 3,152,500</u>
Total 2020 Grants		<u>\$ 5,527,500</u>

\*The Foundation received a grant of a number of endowment funds from the Kreielsheimer Remainder Foundation, which dissolved on December 31, 2010. These endowment funds are designated for distribution to specific art organizations. One of the specified art organizations ceased operations as of July 31, 2011. In December 2011, the Foundation board determined to redistribute this endowment fund to art organizations that have similar operations in classical music.

Grants are allocated on a year-to-year basis with no guarantee of ongoing support. Grants are funded by the annual fund, earnings from the endowment funds, and special grants from corporate donors.

**ArtsFund and ArtsFund Foundation**  
**Consolidating Balance Sheet**  
**September 30, 2020**

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**ASSETS**

	ArtsFund	ArtsFund Foundation	Total
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 4,875,709	\$ -	\$ 4,875,709
Investments, at fair value	-	7,603,383	7,603,383
Pledges receivable, net	182,060	-	182,060
Security deposit - W. Harrison St.	10,853	-	10,853
Prepaid expenses and other	26,337	-	26,337
	<u>5,094,959</u>	<u>7,603,383</u>	<u>12,698,342</u>
<b>NONCURRENT ASSETS</b>			
Long-term investments	-	20,204,979	20,204,979
Equipment and web design, net	118,768	-	118,768
	<u>118,768</u>	<u>20,204,979</u>	<u>20,323,747</u>
Total noncurrent assets	<u>118,768</u>	<u>20,204,979</u>	<u>20,323,747</u>
Total assets	<u>\$ 5,213,727</u>	<u>\$ 27,808,362</u>	<u>\$ 33,022,089</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>			
Accounts payable and other accrued liabilities	\$ 22,314	\$ -	\$ 22,314
Grants obligations	-	-	-
PPP loan payable	149,090	-	149,090
	<u>171,404</u>	<u>-</u>	<u>171,404</u>
Total current liabilities	<u>171,404</u>	<u>-</u>	<u>171,404</u>
<b>NET ASSETS</b>			
Without donor restrictions	4,642,910	12,044,855	16,687,765
With donor restrictions	399,413	15,763,507	16,162,920
	<u>5,042,323</u>	<u>27,808,362</u>	<u>32,850,685</u>
Total net assets	<u>5,042,323</u>	<u>27,808,362</u>	<u>32,850,685</u>
Total liabilities and net assets	<u>\$ 5,213,727</u>	<u>\$ 27,808,362</u>	<u>\$ 33,022,089</u>

**ArtsFund and ArtsFund Foundation  
Consolidating Statement of Activities  
Year Ended September 30, 2020**

	ArtsFund		ArtsFund Foundation			Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Eliminations	
<b>SUPPORT AND REVENUES</b>						
Contributions	\$ 4,329,579	\$ 199,413	\$ 22,405	\$ -	\$ -	\$ 4,551,397
Donated services and supplies	122,178	-	-	-	-	122,178
Investment return	10,338	-	282,304	1,262,999	-	1,555,641
Other income	88,122	-	-	-	(25,000)	63,122
Net assets released from donor restrictions	376,566	(376,566)	587,172	(587,172)	-	-
<b>Total support other than special event</b>	<b>4,926,783</b>	<b>(177,153)</b>	<b>891,881</b>	<b>675,827</b>	<b>(25,000)</b>	<b>6,292,338</b>
Special event, net	216,294	-	-	-	-	216,294
Special event net assets released from donor restrictions	25,000	(25,000)	-	-	-	-
<b>Net support from special event</b>	<b>241,294</b>	<b>(25,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>216,294</b>
<b>Total support and revenues</b>	<b>5,168,077</b>	<b>(202,153)</b>	<b>891,881</b>	<b>675,827</b>	<b>(25,000)</b>	<b>6,508,632</b>
<b>EXPENSES AND GRANTS</b>						
Program services	686,319	-	-	-	-	686,319
Supporting services						
Management and general	604,523	-	25,000	-	(25,000)	604,523
Fundraising	434,878	-	-	-	-	434,878
<b>Total program and supporting services</b>	<b>1,725,720</b>	<b>-</b>	<b>25,000</b>	<b>-</b>	<b>(25,000)</b>	<b>1,725,720</b>
Grants to beneficiaries	3,232,500	-	2,295,000	-	-	5,527,500
<b>Total expenses and grants</b>	<b>4,958,220</b>	<b>-</b>	<b>2,320,000</b>	<b>-</b>	<b>(25,000)</b>	<b>7,253,220</b>
<b>CHANGE IN NET ASSETS BEFORE NONOPERATING REVENUE (EXPENSES) REVENUE (EXPENSES)</b>	<b>209,857</b>	<b>(202,153)</b>	<b>(1,428,119)</b>	<b>675,827</b>	<b>-</b>	<b>(744,588)</b>
<b>NET NONOPERATING REVENUE</b>						
Century Building, net	31,070	-	-	-	-	31,070
Cultural Resource Collective, Building for the Arts, net	(34,260)	-	-	-	-	(34,260)
<b>Total net nonoperating revenue (expense)</b>	<b>(3,190)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,190)</b>
Gain on Sale of Century Building, net	8,199,767	-	-	-	-	8,199,767
Transfer to Foundation	(7,000,000)	-	7,000,000	-	-	-
<b>CHANGE IN NET ASSETS</b>	<b>1,406,434</b>	<b>(202,153)</b>	<b>5,571,881</b>	<b>675,827</b>	<b>-</b>	<b>7,451,989</b>
<b>NET ASSETS</b>						
Beginning of year	3,236,476	601,566	6,472,974	15,087,680	-	25,398,696
End of year	\$ 4,642,910	\$ 399,413	\$ 12,044,855	\$ 15,763,507	\$ -	\$ 32,850,685

